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SUBJECT: EL SALVADOR: LEGISLATIVE ASSEMBLY RATIFIES ILO
CONVENTIONS

REF: SAN SALVADOR 1742

11. (SBU) SUMMARY: El Salvador's Legislative Assembly on August 24 voted unanimously to ratify International Labor Organization (ILO) Conventions 87 and 98 regarding freedom of association and the right to organize and bargain collectively, as well as Conventions 135 and 151 dealing with protection of workers' representatives and public service employees' right to organize, respectively. Passage of the conventions follows years of debate regarding language in El Salvador's Constitution that appears to bar unionization among public-sector workers. The likely upcoming loss of European Union trade benefits was ultimately the driving force behind ratification. The Saca administration, like its predecessor, already has extensive experience in dealing with highly-politicized and often-intransigent associations representing public workers. It remains to be seen whether their unionizations will pose new challenges to governability in the leadup to the 2009 elections. END SUMMARY.

12. (U) In approving the ILO conventions, the ruling center-right Nationalist Republican Alliance (ARENA) party and their National Conciliation Party (PCN) allies were joined by the hard-left opposition Farabundo Marti National Liberation Front (FMLN) deputies and eight deputies from smaller center-left parties. The unanimous approval of the conventions marked a rare show of cooperation and consensus in an Assembly normally characterized by a sharply polarized atmosphere. However, the ratifications entailed amendments to Articles 47 and 48 of El Salvador's Constitution; the former had contained language that appeared to proscribe unionization among public sector workers, while the latter was amended to restrict strikes affecting essential public services. Only ARENA, PCN, and the center-left Christian Democratic Party (PDC) voted in favor of the constitutional amendments. (Note: Under Article 248 of the Salvadoran Constitution, amendments to the Constitution require initial approval by only a simple majority, but must then be reapproved in the succeeding Assembly by a two-thirds majority. End note.) Notwithstanding uncertainty regarding future reapproval by a two-thirds majority in the Assembly to be elected in 2009, the conventions will enter into force immediately.

13. (U) Ratification of Conventions 87 and 98 was strongly opposed by the National Private Enterprise Association (ANEP), the Salvadoran Apparel Industry Association (ASIC), conservative leading daily El Diario de Hoy, and other influential actors. The ultimate impetus behind Salvadoran ratification was pressure from the European Union, which had conditioned continued duty-free Generalized System of

Preferences (GSP-Plus) importation of Salvadoran products into Europe on ratification of Conventions 87 and 98 before the end of 2006. Anticipating that the country might not achieve such ratification, Spanish tuna processor Calvo in June laid off 600 tuna cannery workers (some 40 percent of their entire Salvadoran workforce). This action received widespread attention in government and private sector circles, and in the media (see reftel). In a lengthy June 28 interview by leading daily La Prensa Grafica, Calvo Group General Manager Ramon Calvo outlined his view that in the absence of GSP benefits exempting Salvadoran tuna from 20.5 percent duties, tuna originating from El Salvador would no longer be competitively priced in the European marketplace.

14. (SBU) COMMENT: This and previous ARENA administrations had long feared official unionization of public-sector workers associations, because many such groups are widely acknowledged to be under the sway of hardliners in the opposition Farbundo Marti National Liberation Front (FMLN). By way of example, the public healthcare workers' association STISSS began a strike in November 1999, ostensibly in protest of alleged government plans to privatize public healthcare, in which they were later joined by government-employed doctors. The strike lasted until June 2003 and paralyzed healthcare at many public clinic. The government has already weathered the challenging consequences associated with negotiating with what are already in effect public-sector unions. By ratifying Conventions 87 and 98, they will now also reap the benefits thereof. With nationwide presidential, legislative, and municipal elections less than three years away, the Saca administration will likely watch with great interest to see whether the opposition FMLN uses ratification of 87 and 98 to expand its influence among public sector workers by moving to unionize

key government sectors.
Barclay